

House Study Bill 504

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
JUDICIARY BILL BY
CHAIRPERSON PAULSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to landlord liens associated with agricultural
2 production.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5657YC 81
5 da/je/5

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1 1 Section 1. Section 570.1, Code 2005, is amended by adding
2 the following new subsection:
3 NEW SUBSECTION. 1A. A lien in farm products as provided
4 in this section becomes effective when a tenant signs a lease
5 or becomes bound by a lease of the leased premises.
6 Sec. 2. Section 570.1, subsections 3 and 4, Code 2005, are
7 amended to read as follows:
8 3. A financing statement filed to perfect a lien in the
9 farm products under this section must include a statement that
10 it is filed for the purpose of perfecting a landlord's lien.
11 ~~Notwithstanding section 554.9515, such financing statement~~
12 ~~shall continue to be effective until a termination statement~~
13 ~~is filed.~~
14 4. a. If the parties to a lease remain the same, and
15 subject to the provisions of article 9 of chapter 554,
16 including but not limited to section 554.9515, a financing
17 statement filed for the purpose of perfecting a landlord's
18 lien shall continue to be effective. The effectiveness of the
19 financing statement shall not be affected by an extension or
20 renewal of the lease, or an amendment to the lease, so long as
21 the extension, renewal, or amendment does not materially alter
22 the extent of the lien.
23 b. Within twenty days after a landlord who has filed a
24 financing statement for the purpose of perfecting a landlord's
25 lien receives a written demand, authenticated as provided in
26 article 9 of chapter 554, from a tenant, the landlord shall
27 file a termination statement, if the lien in the farm products
28 has expired or if the tenant is no longer in possession of the
29 leased premises and has performed all obligations under the
30 lease.

EXPLANATION

1 32 This bill amends Code chapter 570, which protects the
2 33 credit interest of a landlord who leases their premises to a
3 34 farmer, by providing the landlord with a lien for the amount
4 35 of the rent upon crops grown on the leased premises and other
5 1 personal property of the tenant. In 2000, the general
6 2 assembly enacted House File 2513 (2000 Iowa Acts, chapter
7 3 1149) adopting revised article 9 of the uniform commercial
8 4 code and conforming amendments to a number of articles within
9 5 that chapter as well as other chapters providing for security
10 6 interests and liens, including Code chapter 570. With limited
11 7 exceptions, revised article 9 governs the creation, priority,
12 8 and enforcement of creditors' consensual liens, which are
13 9 defined as security interests in personal property and
14 10 fixtures. Much of revised article 9 provides for perfecting a
15 11 security interest, usually accomplished by filing a financing
16 12 statement.
17 13 Prior to the revision of article 9, liens created in
18 14 statutes outside Code chapter 554 were not affected by its
19 15 provisions. These liens include types of statutory liens such
20 16 as the landlord's lien created in Code chapter 570. Revised
21 17 article 9 provides filing requirements for perfecting
22 18 statutory liens referred to as "agricultural liens". Code

2 19 chapter 570 was amended to require a landlord to file a
2 20 financing statement in order to perfect a lien in farm
2 21 products (e.g., crops). Under revised article 9, in
2 22 perfecting a security interest or lien, a debtor is generally
2 23 assured rights in the collateral superior to a security
2 24 interest perfected later in time. However, Code chapter 570
2 25 is an example of a super=priority lien statute which provides
2 26 that if a lien is perfected, it enjoys a measure of priority
2 27 over conflicting security interests or liens even if the
2 28 others were perfected earlier. Because a landlord's lien
2 29 enjoys super=priority status, a key date is when the lien is
2 30 created, regardless of when it is perfected. The bill amends
2 31 Code section 570.1 to provide that a landlord's lien becomes
2 32 effective when a tenant signs a lease or becomes bound by its
2 33 terms (for farm=lease provisions, see Code chapter 562).
2 34 Code section 570.1 also states that a financing statement
2 35 perfecting a landlord's lien continues to be effective until a
3 1 termination statement is filed. This is contrary to revised
3 2 article 9 and specifically Code section 554.9515, which
3 3 provides that a financing statement continues for a period of
3 4 five years and then lapses. A lapsed financing statement ends
3 5 the creditor's priority status. The Code section does provide
3 6 that a creditor may file a continuation statement before the
3 7 lapse of the financing statement and may file any number of
3 8 succeeding continuation statements in the same manner to
3 9 continue the effectiveness of the initial financing statement
3 10 for a five=year period. The bill amends Code section 570.1 by
3 11 eliminating the continuously effective provision,
3 12 notwithstanding Code section 554.9515. Thus, the
3 13 qualification in Code section 554.9515 applies, meaning that a
3 14 financing statement perfecting a landlord's lien continues in
3 15 effect for five years, but may be subsequently continued in
3 16 the same manner as other security interests under Code section
3 17 554.9515.
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